

U.S. DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
Washington, D.C 20250

MANUAL ISSUE No.
WSDC SPECIAL
DATE
October 19, 2001

PROCEDURE NOTICE

RD MANUAL CHANGE

INSERT RD HANDBOOK HB-1-3565
(WSDC)

GUARANTEED RURAL RENTAL HOUSING
PROGRAM ORIGINATION AND SERVICING
HANDBOOK. The revisions are the

result of the Agency working in partnership with the lending industry in an effort to make the program more effective. Specific revisions are as follows:

Provides instructions for notifying the Finance Office of the substitution of a lender using Form RD 1980-11, Guaranteed Rural Housing Lender Record Change (Paragraph 2.14).

Permits lenders to use Freddie Mac Form 506, its current replacement, or an equivalent, when submitting a project's annual financial statement to the Agency (Paragraph 7.10 B.1.)

Requires that the estimated loss payment be applied to the outstanding principal and interest of the guaranteed debt (Paragraph 10.7).

Requires that an inspection be conducted by the Agency prior to accepting a conveyance of property (Paragraph 10.14).

Provides that reasonable and customary legal expenses to protect the collateral during a Chapter 11 liquidation may be shared on a 90/10 basis between the Agency and the lender (Paragraph 10.20).

All of the pages and attachments in Chapters 2, 7, and 10 are being replaced to correct formatting errors.

REMOVE

Table of Contents:

Pages 1 and 2 and 9 thru 13;
Chapter 2 dated 12-18-98:
Pages 2-1 thru 2-10;
Chapter 7 dated 12-18-98:
Pages 7-1 thru 7-25;
Chapter 10 dated 12-18-98:
Pages 10-1 thru 10-11; and
Appendix 2.

INSERT

Table of Contents revised:

Pages 1 and 2 and 9 thru 13;
Chapter 2 dated 12-18-98:
Pages 2-1 thru 2-10 revised;
Chapter 7 dated 12-18-98:
Pages 7-1 thru 7-25 revised;
Chapter 10 dated 12-18-98:
Pages 10-1 thru 10-12 revised; and
Appendix 2 revised 10-19-01.

(OVER)

FORMS MANUAL CHANGE

INSERT

RD 1980-11
(WSDC)

GUARANTEED RURAL HOUSING LENDER RECORD
CHANGE. This FMI is being revised to
add a reference to HB-1-3565 because

this Form is now being used by the Guaranteed Rural Rental Housing Program
in place of Form RD 1980-42.

REMOVE

FMI dated 08-16-00:
Pages 1 & 2.

INSERT

FMI dated 08-16-00:
Pages 1 & 2 revised 10-19-01.

RD 1980-42
(WSDC)

NOTICE OF SUBSTITUTION OF LENDER. The
FMI is being revised to eliminate the
reference to RD Instruction 1980-I and

HB-1-3565 and to add a reference to RUS Instruction 1779. RD Instruction
1980-I has been made obsolete. It has been replaced by RUS Instruction
1779. Form RD 1980-42 is no longer being used by the Guaranteed Rural
Rental Housing Program. Form RD 1980-11 is being used in its place.

REMOVE

FMI dated 12-18-98:
Pages 1 & 2.

INSERT

FMI dated 12-18-98:
Page 1 & 2 revised 10-19-01.

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